



Institutional Investing
Diversity Cooperative

October 6, 2022

The Honorable
Chair Gary Gensler
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

*Cc: Edward Bernard, AMAC Committee Chairman
Robert A. Marchman, Senior Policy Advisor on Diversity and Inclusion
Jonathan Tsentas, Senior Advisor, U.S. Senator Robert Menendez
Scot E. Draeger, President & General Counsel, R.M. Davis
Christian Broadbent, Senior Special Counsel, Division of Investment Management, Securities and Exchange Commission
Gilbert Garcia, CFA, Managing Partner, Garcia Hamilton & Associates*

RE: Asset Management Advisory Committee's recommendations

Dear Chair Gensler,

We write in reference to the Subcommittee on Diversity and Inclusion (D&I) of the SEC Asset Management Advisory Committee's (AMAC) July 7, 2021 recommendations to promote diversity within the asset management industry.

We, the undersigned, are institutional investment consulting firms that are members of an alliance called the Institutional Investing Diversity Cooperative (IIDC). The IIDC's mission is to promote greater diversity in the asset management industry by advocating for transparency on diversity statistics. The IIDC member firms advise on over \$43 trillion in assets on behalf of state and local pension funds, labor union pensions and welfare assets, university endowments, charitable foundations, hospital systems, and private wealth.

As fiduciaries for this significant asset base, our duty is to advise our clients, the asset owners, to prudently invest these funds in the best interest of beneficiaries and in accordance with applicable law. We discharge this duty with great care and advocate for allocating assets to a broad universe of asset management firms domiciled throughout the U.S. and abroad. To fulfill this fiduciary duty, we and our clients need access to fair and transparent markets AND access to asset managers that deliver superior risk-adjusted returns.

The AMAC recommendations are consistent with fair and transparent markets and broaden the universe of asset managers available to owners of capital. We believe diverse investment teams, and the diverse viewpoints brought by diverse individuals, enhance investment decision-making. Yet diverse individuals are grossly underrepresented in our nation's asset management industry as compared to the general population of the United States, and more often than not, as compared to the broad group of beneficiaries to the invested capital in question. As the AMAC recommendations state, less than 1% of the

\$70 trillion in global financial assets are managed by minority-owned or women-owned firms.¹ Furthermore, many barriers remain for minorities and women in the industry; less than 40% of senior and executive management in the financial services industry are women and/or people of color.²

The disclosure requirements proposed for SEC-registered entities would improve transparency on diversity and inclusion within the asset management industry. Greater transparency would lead to more informed decision making by asset owners. Additionally, this transparency would enhance accountability within the asset management industry on efforts to build more diverse investment teams, which should lead to better investment choices for asset owners.

I IDC member firms are directly affected by the recommendations, as we are the “Consultants Who Recommend Investment Advisers and Investment Funds” referenced in section III.A.3 of AMAC’s recommendation letter. We are in full support of the recommendation to require additional diversity disclosures from asset managers and consultants alike. We agree asset owners would benefit from improved transparency on diversity statistics of registered advisors, due diligence processes such as how filters or screens are utilized in the manager selection process, and how diverse asset managers are included in research, searches, and recommendations.

Material improvement in diversity transparency will require more standardized definitions on terms such as “diverse manager” and diversity metrics, as the financial services industry has many often-contradictory definitions. The I IDC is actively engaged in work to establish common definitions and offers our assistance to the SEC on this front. Additionally, the I IDC is actively engaged in incorporating the global nature of the financial services workforce, reconciling on behalf of clients disparate regulations around collecting/using diversity data, and ensuring both small, privately owned, and large or publicly owned firms are held accountable to promote diversity within their employee, leadership, and ownership ranks.

We thank the SEC for allowing us the opportunity to opine on this important issue, and we urge the SEC to consider our feedback as it moves forward. We offer our assistance as a collective to develop and/or refine any language for Commission or Staff Guidance that should result from your consideration of these recommendations.

Humbly yours,




Shelly J. Heier, CFA, CAIA
Chair, Institutional Investing Diversity Cooperative
President, Verus

On behalf of the following member companies (listed alphabetically):


¹ Asset Management Advisory Committee Report and Recommendations on Diversity and Inclusion in the Asset Management Industry dated July 7, 2021, Section III

² <https://www.gao.gov/assets/gao-21-448t.pdf>

AndCo Consulting 


Marquette Associates  MarquetteAssociates

Angeles Investment Advisors 


Meketa Investment Group 
INVESTMENT GROUP

Aon 

Mercer  Mercer

Asset Consulting Group 
ASSET CONSULTING GROUP

NEPC, LLC 

Callan, LLC 

Prime Buchholz 


Cambridge Associates 
CAMBRIDGE ASSOCIATES


Russell Investments 

Canterbury Consulting  CanterburyConsulting

RVK, Inc.  RVK

CAPTRUST  CAPTRUST


SageView Advisory Group 

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CARDINAL INVESTMENT ADVISORS

Segal Marco Advisors  Segal Marco Advisors

Crewcial Partners  CREWCIAL
PARTNERS

Verus  Verus⁷⁷⁷

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Wilshire 

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